

MONTANA LEGISLATIVE HISTORY

Chapter 594 19 07

Bill H _____ S 337

Original bill & history ☒ C

H. Committee on Taxation

Hearing Date(s) 3/27 ☒ C

_____ C

_____ C

_____ C

Date Out _____ C

S. Committee on Taxation

Hearing Date(s) 2/25 ☒ C

_____ C

_____ C

_____ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

SENATE FINAL STATUS

3/03 REFERRED TO TAXATION
 3/26 HEARING
 4/03 COMMITTEE REPORT--BILL CONCURRED
 4/07 2ND READING CONCURRED 93 0
 4/08 3RD READING CONCURRED 89 1

RETURNED TO SENATE
 4/10 SIGNED BY PRESIDENT
 4/11 SIGNED BY SPEAKER

4/11 TRANSMITTED TO GOVERNOR
 4/16 SIGNED BY GOVERNOR
 CHAPTER NUMBER 506 EFFECTIVE DATE: 4/16/87

SB 336 INTRODUCED BY MANNING
 REVISE VIDEO POKER LICENSING LAW

2/14 INTRODUCED
 2/14 REFERRED TO BUSINESS & INDUSTRY
 2/14 FISCAL NOTE REQUESTED
 2/19 HEARING
 2/19 FISCAL NOTE RECEIVED
 2/19 TABLED IN COMMITTEE

SB 337 INTRODUCED BY MANNING, LYNCH, HARRINGTON, ET AL.
 CLARIFY PROPERTY TAX EXEMPTION OF SURVIVING SPOUSE
 OF DISABLED VETERAN

2/14 INTRODUCED
 2/14 REFERRED TO TAXATION
 2/14 FISCAL NOTE REQUESTED
 2/21 FISCAL NOTE RECEIVED
 2/25 HEARING
 3/02 COMMITTEE REPORT--BILL PASSED
 3/04 2ND READING PASSED 50 0
 3/06 3RD READING PASSED 46 0

TRANSMITTED TO HOUSE
 3/09 REFERRED TO TAXATION
 3/27 HEARING
 4/06 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
 4/09 2ND READING CONCURRED 95 1
 4/10 3RD READING CONCURRED 94 0

RETURNED TO SENATE WITH AMENDMENTS
 4/15 2ND READING AMENDMENTS CONCURRED 50 0
 4/15 3RD READING AMENDMENTS CONCURRED 50 0
 4/17 SIGNED BY PRESIDENT
 4/20 SIGNED BY SPEAKER

4/20 TRANSMITTED TO GOVERNOR
 4/23 SIGNED BY GOVERNOR
 CHAPTER NUMBER 594 EFFECTIVE DATE: 10/01/87

SB 338 INTRODUCED BY BOYLAN, RAPP-SVRCEK, VINCENT, ET AL.
 REGULATE TESTS OF BLOOD AND URINE OF EMPLOYEES AND
 PROSPECTIVE EMPLOYEES

2/14 INTRODUCED
 2/14 REFERRED TO JUDICIARY
 2/17 HEARING
 2/21 COMMITTEE REPORT--BILL PASSED AS AMENDED
 2/24 2ND READING PASSED 50 0
 2/25 3RD READING PASSED 50 0

SENATE FINAL STATUS

TRANSMITTED TO HOUSE
 3/03 REFERRED TO JUDICIARY
 3/18 HEARING
 3/24 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
 3/28 2ND READING CONCURRED 92 0
 3/30 3RD READING CONCURRED 91 7

RETURNED TO SENATE WITH AMENDMENTS
 4/03 2ND READING AMENDMENTS CONCURRED 50 0
 4/04 3RD READING AMENDMENTS CONCURRED 49 0
 4/08 SIGNED BY PRESIDENT
 4/10 SIGNED BY SPEAKER

4/10 TRANSMITTED TO GOVERNOR
 4/15 SIGNED BY GOVERNOR
 CHAPTER NUMBER 482 EFFECTIVE DATE: 10/01/87

SB 339 INTRODUCED BY BOYLAN, SWIFT
 REGULATE GOVERNMENT EMPLOYEE INVOLVEMENT IN POLITICS

2/14 INTRODUCED
 2/14 REFERRED TO STATE ADMINISTRATION
 2/14 FISCAL NOTE REQUESTED
 2/17 FISCAL NOTE RECEIVED
 2/19 HEARING
 2/20 ADVERSE COMMITTEE REPORT ADOPTED 47 2

SB 340 INTRODUCED BY SEVERSON, CODY, PATTERSON, ET AL.
 ELIMINATE TAX ON PRODUCER-HELD GRAIN IN STORAGE,
 LIVESTOCK, AND POULTRY

2/14 INTRODUCED
 2/14 REFERRED TO TAXATION
 2/14 FISCAL NOTE REQUESTED
 2/20 FISCAL NOTE RECEIVED
 2/25 HEARING
 3/09 COMMITTEE REPORT--BILL PASSED AS AMENDED
 3/11 2ND READING PASSED 46 1
 3/13 3RD READING PASSED 49 1

TRANSMITTED TO HOUSE
 3/13 REFERRED TO TAXATION
 3/30 HEARING
 4/07 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
 4/08 REVISED FISCAL NOTE REQUESTED
 4/08 REVISED FISCAL NOTE RECEIVED
 4/10 2ND READING CONCURRED AS AMENDED 66 29
 4/13 3RD READING CONCURRED 81 15

RETURNED TO SENATE WITH AMENDMENTS
 4/16 2ND READING AMENDMENTS NOT CONCURRED 49 1
 4/16 CONFERENCE COMMITTEE APPOINTED
 4/21 CONFERENCE COMMITTEE REPORT
 4/22 CONFERENCE COMMITTEE DISSOLVED

HOUSE
 4/20 CONFERENCE COMMITTEE APPOINTED
 4/20 CONFERENCE COMMITTEE REPORT
 4/21 2ND READING CONFERENCE COMMITTEE
 REPORT REJECTED 52 46
 4/22 CONFERENCE COMMITTEE DISSOLVED

SENATE

SENATE BILL NO. 337

INTRODUCED BY MANNING, LYNCH, HARRINGTON, D. BROWN,
FARRELL, PHILLIPS, SQUIRES, PAVLOVICH, JENKINS, MILLER,
KITSELMAN, B. WILLIAMS, NATHE, DRISCOLL, MENAHAN, PECK,
SWYSGOOD, MILES, SEVERSON, ELLISON, VAN VALKENBURG,
SCHYE, HARPER, PATTERSON, E. SMITH

IN THE SENATE

FEBRUARY 14, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
MARCH 2, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
MARCH 3, 1987	PRINTING REPORT.
MARCH 4, 1987	SECOND READING, DO PASS.
MARCH 5, 1987	ENGROSSING REPORT.
MARCH 6, 1987	THIRD READING, PASSED. AYES, 46; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 9, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
APRIL 6, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 9, 1987	SECOND READING, CONCURRED IN.
APRIL 10, 1987	THIRD READING, CONCURRED IN. AYES, 94; NOES, 0.
	RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 15, 1987

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS
CONCURRED IN.

ON MOTION, RULES SUSPENDED TO PLACE
BILL ON THIRD READING THIS DAY.

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 *Senate* BILL NO. *337*
2 INTRODUCED BY *Richard E. Manning*
3 *Hamington* *Joe Bon* *Faircliff* *Phillips* *Stevens*
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE EXTENT
5 OF THE PROPERTY TAX EXEMPTION GRANTED TO SURVIVING SPOUSES
6 OF DISABLED VETERANS; AND AMENDING SECTION 15-6-211, MCA."
7 *Menaghan* *Swygoo* *Mills* *Edison* *E. Simon*
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA

9 Section 1. Section 15-6-211, MCA, is amended to read:

10 "15-6-211. Certain disabled or deceased veterans'
11 residences exempt. (1) A residence, including the lot on
12 which it is built, owned and occupied by a disabled veteran
13 or a veteran's spouse is exempt from property taxation under
14 the following conditions. The owner veteran must:

15 (a) have been killed while on active duty or have died
16 as a result of a service-connected disability; or

17 (b) if living:

18 (a)(i) have been honorably discharged from active
19 service in any branch of the armed services;

20 (b)(ii) be rated 100% disabled due to a
21 service-connected disability by the United States veterans
22 administration or its successor; and

23 (c)(iii) have an annual adjusted gross income, as
24 reported on the latest federal income tax return, of not
25 more than \$15,000 for a single person and \$18,000 for a

1 married couple.

2 (2) if--a-veteran-whose-property-has-been-eligible-for
3 this-exemption-dies--the-property Property shall continue to
4 be exempt under this section so long as the--surviving
5 spouse:

6 (a)--remains--unmarried the property is the primary
7 residence owned and occupied by the veteran or, if the
8 veteran is deceased, the veteran's spouse and the spouse;

9 (b)(a) is the owner and occupant of the house; and

10 (c)(b) has an annual adjusted gross income, as
11 reported on the latest federal income tax return, of not
12 more than \$15,000; and

13 (c) has obtained from the United States veterans
14 administration a letter indicating that the veteran was 100%
15 service-connected disabled at the time of death or that the
16 veteran died while on active duty or as a result of a
17 service-connected disability."

18 NEW SECTION. Section 2. Extension of authority. Any
19 existing authority of the department of revenue to make
20 rules on the subject of the provisions of this act is
21 extended to the provisions of this act.

-End-

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

February 25, 1987

The thirty-second meeting of the Senate Taxation Committee was called to order at 8:00 A.M. on February 25, 1987 by Chairman George McCallum in Room 325 of the Capitol Building.

ROLL CALL: All committee members were present.

CONSIDERATION OF SB 340: Senator Severson, Senate District 32, presented this bill to the committee. He said this bill is the finalization of 10 years of work in this area. In 1977 livestock was taxed at approximately 13% of market value and that year it was lowered to 8%. In 1981 SB 47 lowered livestock to 4% of market value. Senate Bill 340 treats all of agriculture the same as main street businesses, by eliminating agricultural inventory on livestock and grains, the same as the inventory was eliminated on main street businesses. The bill sets up a mechanism to finance the Department of Livestock on pages 9 and 10. He asked Les Graham from the Department of Livestock to explain the structure to fund the Department of Livestock.

Les Graham, Department of Livestock, gave information to the committee on the method in which the Department is funded and the use of mill levies to do that. The current law allows the Board of Livestock to assess mills on livestock statewide, 75 mills on sheep and 80 mills on other livestock. This is set by the Board of Livestock each year in May. That assessment is collected and comes in with the regular taxes. In 1986 the mill levy money account is approximately 50% of the Department of Livestock's total budget of around \$4 million. That will be lower the next biennium. He would suggest that perhaps an amendment should be made on page 9, line 11. Currently the bill reads, "provide not less than 100% or more than 110% of the revenue" and they would suggest omitting "not less than 100%". With this type of language the board would be locked into a minimum which they have not always had to assess. Also on line 13, it is their feeling that "1986" should be eliminated and "the average of the three previous years" be inserted. That would allow the Board of Livestock to look at the average of the three previous years of revenue and then at that point set up to 110% of that. A copy of his proposed amendment is attached as Exhibit 1.

CONSIDERATION OF SB 337: Senator Manning, Senate District 18, presented this bill to the committee. A copy of his written statement is attached as Exhibit 13.

PROPOSERS: Rich Brown, Administrator, Veterans Affairs Division, gave testimony in support of this bill. He said this would not have any impact on the county taxes because in most counties this was already being done prior to the Attorney General Opinion. We are simply asking the legislature to overturn the Attorney General Opinion and put the intent of the legislature into law.

George Poston, United Veterans Committee, gave testimony in support of this bill. He said it is a terrible thing when a widow loses her spouse and then they jerk the tax exemption from her at the same time.

Elmer Hanson gave testimony in support of this bill. He believes this is only fair that the extension be continued for the lifetime of the widow.

OPPOSERS: None.

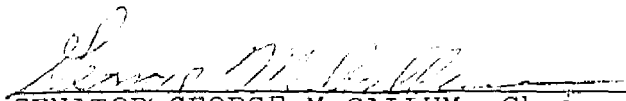
QUESTIONS FROM THE COMMITTEE: Senator Mazurek said the language on page 2, line 6 "remains unmarried" has been struck. He asked if that means if the widow remarries and lives in the same house with a new husband, that the property would be exempt.

Rich Brown said under this law the spouse must be unmarried and make less than \$15,000 a year in order to get the property tax exemption. The only difference is if the widow married and then divorced, she then could go back and claim the original exemption providing she qualified with less than \$15,000 income.

Senator Manning closed.

DISPOSITION OF SB 337: Senator Crippen made a motion that SB 337 DO PASS. The motion carried.

ADJOURNMENT: The meeting adjourned at 9:25 A.M.


SENATOR GEORGE McCALLUM, Chairman

TAXATION

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 2-25-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR CRIPPEN	✓		
SENATOR NEUMAN	✓		
SENATOR SEVERSON	✓		
SENATOR LYBECK	✓		
SENATOR HAGER	✓		
SENATOR MAZUREK	✓		
SENATOR ECK	✓		
SENATOR BROWN	✓		
SENATOR HIRSCH	✓		
SENATOR BISHOP	✓		
SENATOR HALLIGAN, VICE CHAIRMAN	✓		
SENATOR McCALLUM, CHAIRMAN	✓		

Each day attach to minutes.

STATE
OF
MONTANA

ATTORNEY GENERAL
MIKE GREELY

JUSTICE BUILDING, 215 N. SANDERS, HELENA, MONTANA 59620
TELEPHONE (406) 444-2026

VOLUME NO. 41

OPINION NO. 93

PROPERTY, REAL - Surviving spouse's entitlement to
property tax exemption;

TAXATION AND REVENUE - Surviving spouse's entitlement to
property tax exemption;

VETERANS - Surviving spouse's entitlement to property
tax exemption;

MONTANA CODE ANNOTATED - Section 15-6-211.

HELD: 1. A surviving spouse's entitlement to the
property tax exemption under section 15-6-211,
MCA, terminates upon remarriage and is not
reinstated upon conclusion of the second
marriage.

2. A surviving spouse's entitlement to the
property tax exemption under section 15-6-211,
MCA, applies only to the residence as to which
the veteran was granted the exemption
immediately prior to death.

3. A condition of a surviving spouse's entitle-
ment to the property tax exemption under
section 15-6-211, MCA, is a determination that
the veteran was 100 percent disabled due to a
service-connected disability prior to death
and was otherwise eligible for the exemption.

SENATE TAXATION

EXHIBIT NO. 13

DATE 2-25-87

BILL NO. S.B. 337

Major General James W. Duffy
The Adjutant General
Department of Military Affairs
P.O. Box 4789
Helena MT 59604-4789

Dear General Duffy:

You have requested my opinion concerning three questions:

1. Is the surviving spouse of a deceased veteran entitled to reinstatement of the property tax exemption under section 15-6-211, MCA, upon termination of a subsequent marriage?
2. Is the surviving spouse of a deceased veteran entitled to the property tax exemption under section 15-6-211, MCA, as to a residence other than that to which the exemption applied at the time of the veteran's death?
3. Is the surviving spouse of a veteran entitled to the property tax exemption under section 15-6-211, MCA, when such veteran dies of a service-related disability but, prior to death, was not rated 100 percent disabled due to that disability?

Based on the unambiguous language of section 15-6-211, MCA, I must answer each question negatively.

Section 15-6-211, MCA, states:

(1) A residence, including the lot on which it is built, owned and occupied by a disabled veteran is exempt from property taxation under the following conditions. The owner must:

(a) have been honorably discharged from active service in any branch of the armed services;

(b) be rated 100% disabled due to a service-connected disability by the United States veterans administration or its successor; and

(c) have an annual adjusted gross income, as reported on the latest federal income tax

26 November 1986

return, of not more than \$15,000 for a single person and \$18,000 for a married couple.

(2) If a veteran whose property has been eligible for this exemption dies, the property shall continue to be exempt so long as the surviving spouse:

(a) remains unmarried;

(b) is the owner and occupant of the house;
and

(c) has an annual adjusted gross income, as reported on the latest federal income tax return, of not more than \$15,000.

The property tax exemption provided above is purely a state-granted right and is not required by federal statute.

The entitlement of a surviving spouse to the exemption must be measured against the literal language of section 15-6-211(2), MCA. The first entitlement condition is that the spouse remain unmarried. Consequently, upon remarriage the exemption is forfeited, and no provision is made for reacquisition upon termination of the second marriage. I recognize that 38 U.S.C. § 103 permits the widow of a deceased veteran to receive surviving spouse benefits upon conclusion of a remarriage, but the federal statute is inapplicable here. Again, the exemption is granted as a matter of state law, and entitlement to it must be decided with reference to the legislation creating that right.

Equally clear is that the surviving spouse exemption applies only to the residence as to which the exemption operated at the time of the veteran's death. The words "the house" in subsection (2)(b) can thus be fairly read only as relating back to the residence subject to the exemption under subsection (1) and not to homes acquired after the veteran's death. Whether such a limitation is equitable or prudent is an issue for the Legislature to resolve.

Finally, section 15-6-211(2), MCA, unquestionably requires the veteran to have been entitled to the exemption before death as a condition of the surviving spouse's entitlement. The veteran must therefore have been rated 100 percent disabled due to a service-connected disability prior to death before the surviving

SENATE TAXATION

EXHIBIT NO. 13

DATE 2-25-87

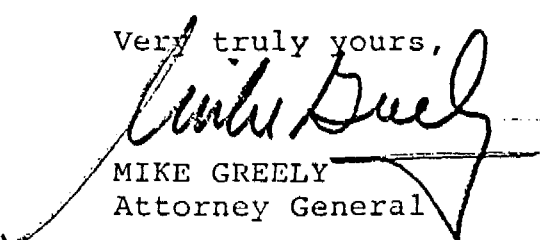
26 November 1986

spouse may qualify for the exemption. Simply put, the surviving spouse's entitlement is derivative and arises only if the veteran was entitled to it during his or her lifetime.

THEREFORE, IT IS MY OPINION:

1. A surviving spouse's entitlement to the property tax exemption under section 15-6-211, MCA, terminates upon remarriage and is not reinstated upon conclusion of the second marriage.
2. A surviving spouse's entitlement to the property tax exemption under section 15-6-211, MCA, applies only to the residence as to which the veteran was granted the exemption immediately prior to death.
3. A condition of a surviving spouse's entitlement to the property tax exemption under section 15-6-211, MCA, is a determination that the veteran was 100 percent disabled due to a service-connected disability prior to death and was otherwise eligible for the exemption.

Very truly yours,


MIKE GREELY
Attorney General

STANDING COMMITTEE REPORT

February 25 19 27

MR. PRESIDENT

We, your committee on SENATE TAXATION

having had under consideration SENATE BILL No. 337

first reading copy (white)
color

CLARIFY PROPERTY TAX EXEMPTION OF SURVIVING SPOUSE OF
DISABLED VETERAN

Respectfully report as follows: That SENATE BILL No. 337

DO PASS

~~DO NOT PASS~~

SENATOR GEORGE McCALLUM, Chairman.

MINUTES OF THE MEETING
TAXATION COMMITTEE
HOUSE OF REPRESENTATIVES
50TH LEGISLATIVE SESSION

March 27, 1987

The meeting of the Taxation Committee was called to order by Chairman Ramirez on March 27, 1987, at 8 a.m. in Room 312B of the State Capitol.

ROLL CALL: All members of the Committee were present. Also present was Dave Bohyer, Researcher, Legislative Council.

CONSIDERATION OF SENATE BILL NO. 266: Sen. Fred Van Valkenburg, Senate District #30, sponsor of the bill, said the bill would regulate domestic wineries. He explained the Mission Mountain Winery began operation in Dayton, on the west shore of the Flathead several years ago, and that the bill would authorize a tasting room at the winery. Sen. Van Valkenburg stated present statutes neither prohibit nor deny such activity, but DOR has had similar questions to those they had with the Kessler Brewery.

Sen. Van Valkenburg said the Senate Taxation Committee decided to allow the sale of wine both on and off winery premises, but limited sales to two cases per individual per visit.

PROPOSERS OF SENATE BILL NO. 266: Tom Campbell, principle investor, and vice president of the company, said the first grades came off Finley Point, and the winery would release its first champagne from these grapes on Memorial Day weekend this year. He stated current production is about 7,000 cases of wine, mostly from Washington state grapes.

Mr. Campbell told the Committee he sees the winery and the grapes as more vital, eventually, than cherries, and that production could reach 30,000 to 40,000 cases annually, to keep more revenue in the state. He said the legislation is needed to regulate the sale of wine at the winery, which has a network of seven major distributors in the state.

Rep. Bob Pavlovich, stated his support of the bill, with the stipulation that a limit is placed upon the number of cases a consumer may purchase at the winery.

OPPOSERS OF SENATE BILL NO. 266: There were no opposers of the bill.

QUESTIONS ON SENATE BILL NO. 266: Rep. Williams asked what is meant by "import" and "bulk". Mr. Campbell replied that

TAXATION COMMITTEE

March 27, 1987

Page 2

he personally supervised the production of wine for Johannesburg-Riesling, in another state, and that he hopes, eventually, to produce it in Montana.

CLOSING ON SENATE BILL NO. 266: Sen. Van Valkenburg simply stated that a new business in Montana needs the help of the Legislature and asked the Committee to give the bill favorable recommendation.

CONSIDERATION OF SENATE BILL NO. 297: Sen. Ethel Harding, Senate District #25, sponsor of SB 297, said the bill would increase the size of county tax appeals boards from 3 to 5 members.

PROPOSERS OF SENATE BILL NO. 297: There were no proponents of the bill.

OPPOSERS OF SENATE BILL NO. 297: Bob Raundal, former Chairman of the State Tax Appeals Board, (STAB), said the bill needs to be referred to Appropriations for general fund expenditure, and that restrictive language in 17-19, would make it difficult to get other than retirees to serve on the proposed boards.

QUESTIONS ON SENATE BILL NO. 297: There were no questions on the bill.

CLOSING ON SENATE BILL NO. 297: Sen. Harding told the Committee SB 297 is a people bill, and asked them to give the bill favorable consideration.

CONSIDERATION OF SENATE BILL NO. 337: Sen. Dick Manning, House District #18, sponsor of SB 337, said the bill addresses surviving spouses of disabled veterans and clarifies qualifying spouses to override an Attorney General opinion. He explained that the Attorney General has ruled the spouse must reside in the house of the veteran in order to qualify, as well as disqualifying all spouses of veterans killed in action. Sen. Manning commented that low income spouses should not be disqualified from property tax relief.

PROPOSERS OF SENATE BILL NO. 337: Rich Brown, Administrator, Veterans Affairs Division, told the Committee that 15-6-211, MCA, does provide the intent of the Legislature, and that SB 337 is simply an attempt to override a strict Attorney General opinion.

Hal Mansen, representing Widows of Veterans and the American Legion, stated his support of the bill.

George Posten, United Veterans Committee, stated his support of the bill.

OPPONENTS OF SENATE BILL NO. 337: There were no opponents of the bill.

QUESTIONS ON SENATE BILL NO. 337: Rep. Raney asked why the language on remarriage was stricken from page 2, line 6 of the bill. Rich Brown replied that the exemption applies now to unmarried, surviving spouses whose income is less than \$15,000 annually, and that the new language would allow conformity with federal Title 38. He added that part (c) addresses federal ties.

Rep. Gilbert commented there appears to be a loophole in the bill, and that language needs to be amended to read "is unmarried at the time the property tax is assessed".

CLOSING ON SENATE BILL NO. 337: Sen. Manning said he would support the amendment proposed by Rep. Gilbert, and asked the Committee to support the bill.

CONSIDERATION OF SENATE BILL NO. 224: Sen. Dorothy Eck, Senate District #40, sponsor of SB 224, said the bill would raise the deduction for evaporation in calculating the amount due for the gasoline distributors license tax. She said some states have more complex methods to allow for shrinkage, and that she believes the distribution in the bill would explain the situation concerning losses in evaporation and shrinkage.

PROPONENTS OF SENATE BILL NO. 224: Dan Stockton, President, Stockton Oil, Billings, and past president, Montana Petroleum Marketing Association, said shrinkage represents all losses occurring from the time fuel leaves the refinery or terminal, until it is sold to the consumer. He stated that, in 1950, the 6 cent gas tax and 2 percent shrinkage was alright, but a warm producer is more susceptible to shrinkage, and in the past few years there has been a tremendous slow-down in sales.

Mr. Stockton advised that Wyoming does nothing with shrinkage, but has the lowest gas tax in the nation, while Alaska collects only 1 cent gas tax and a 2 percent shrinkage allowance. He added that Idaho, Nebraska, and Utah, have 2, 3, and 2 percent shrinkage allowances, respectively, and said the tax is based on sales, not shrinkage.

Mr. Stockton advised that the federal government has proposed to change its law to pay for shrinkage at the time of purchase, rather than at the time of sale, as Montana does, and to include a 1 percent shrinkage allowance. He explained that on the 25th day of each month, payment is made on the tax, even though a petroleum producer may still